

Virginia Medicaid Managed Care Performance Report



Prepared by

The Department of Medical Assistance Services

Division of Managed Care

July 2002

Managed Care Performance Report



Overview

The Division of Managed Care has prepared this quarterly report as a means of providing information about Virginia's Medicaid managed care programs. Managed care became an important directive to the Department of Medical Assistance Service (the Department) since 1992 with the implementation of the MEDALLION Primary Care Case Management (PCCM) program. The Medallion II and SCHIP programs, utilizing the services of managed care organizations (MCOs), began in 1996 and 1998 respectively. Current MCOs include CareNet, HealthKeepers, Inc., Peninsula, Inc., Priority, Inc., Sentara Health Plans, Virginia Premier, and effective 12/1/2000, UniCare. July 2002 enrollment appears below:

FFS Medicaid	205,099
PCCM Program*	71,897
MCO Program*	237,419

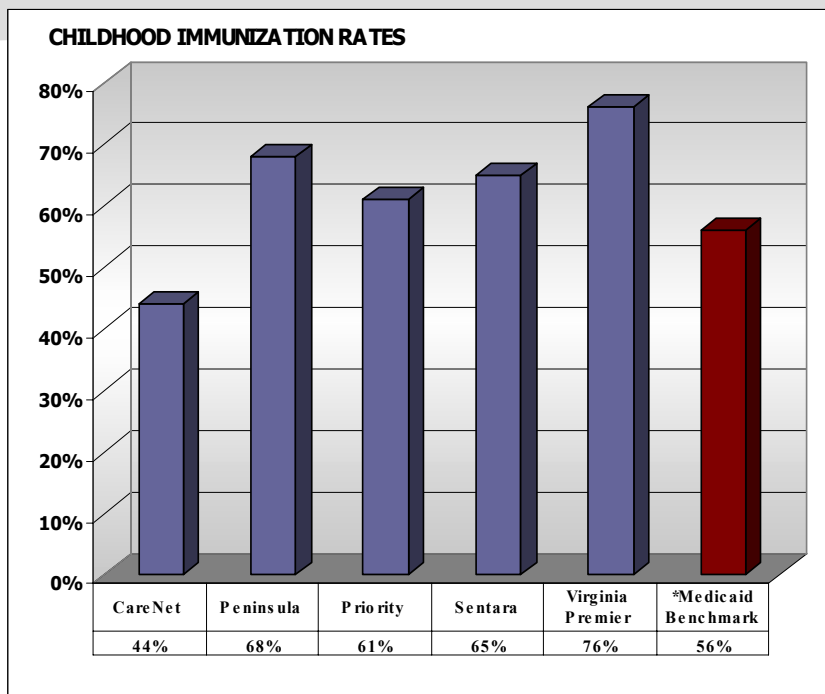
*Children in FAMIS are enrolled in the PCCM and MCO Programs.

The benchmark used for most of this report is HEDIS (Health Plan Employer Data and Information Set). HEDIS is a nationally recognized set of standardized measures designed to compare the performance of managed health care plans.

Health Outcomes

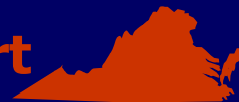
Both the Governor and the Department are committed to improving immunization rates for children enrolled in the Family Access to Medical Insurance Security (FAMIS) Program and Medicaid. In support of this initiative, the Managed Care Division conducts an annual immunization study through an External Quality Review Organization (EQRO), Delmarva. This information is reported annually to the Department of Planning and Budget and is listed in the Governor's Budget document. The Division also requests HEDIS measures annually from contracted MCOs. Figure 1 reflects the 2001 HEDIS immunization results reported by the MCOs**. Most plans are exceeding the HEDIS benchmark.

Figure 1



*NCQA HEDIS Medicaid Benchmark used for 2001 accreditation.

**UniCare's results are not included in this analysis since they became effective on 12/1/01. HealthKeeper's, Inc. became effective 4/99 and therefore, did not report immunization data since all children had not been enrolled for a full year at the time the data was collected.



Prevalence Data

Table 1 – 2001 Prevalence Rates Per 1,000 Recipients

	Managed Care Blind & Disabled	FFS Blind & Disabled	Managed Care TANF	FFS TANF
Maternity	10.78	5.48	53.13	65.22
Neonatal ICU	N/A	N/A	0.69	0.64
End Stage Renal Disease	21.29	18.02	0.67	0.52
HIV	9.09	7.00	0.92	0.48

The information in Table 1 represents the most prevalent medical conditions as submitted on 2001 claims data from the contracted MCOs and Medicaid fee-for-service. Percentages represent units per 1,000 recipients. The analysis was provided by Department actuaries, PriceWaterhouse Coopers, as reported in their 2001 Prevalence and Cost Analysis report. The data was separated by recipients who are classified as either (1) blind and disabled, or (2) enrolled in other managed care eligible categories (e.g., Temporary Aid for Needy Families (TANF), medically indigent, etc.). Capitation rates for 2002 were established based on this prevalence information. Two of the four program issues highlighted from this prevalence report are discussed below.

- **Maternity/NICU** - Medicaid covers the cost of delivery for approximately 40% of the children born in Virginia. Maternity-related services are the most frequently utilized by Medicaid managed care recipients. Data from the 2001 Prevalence and Cost Analysis shows that there is a significantly greater number of deliveries occurring in FFS programs than in managed care programs. This finding is unexpected, as pregnant women who are eligible for Medicaid are also eligible for enrollment in Medallion II. We believe that several issues may contribute to this observation. Firstly, pregnant women may experience barriers to Medicaid enrollment that result in a delay in eligibility. Secondly, pregnant women may not receive the appropriate prenatal care early in their first trimester. Finally, women may experience a lengthy enrollment process into managed care, especially during the last trimester of pregnancy. Therefore, the Divisions of Managed Care and Policy and Research recommend studying issues related to the maternity population from programmatic, operational and policy perspectives, in an effort to improve health outcomes and costs.
- **HIV** - Although the prevalence rate of persons with HIV is high in FFS Medicaid, the rate is substantially higher in the MCO population. National statistics show that the prevalence of the disease has shifted from white males to minority women. These issues are important to consider as the Department develops future policies and programs. Effective, but costly multi-drug therapies have resulted in patients living longer productive lives in their communities, thereby delaying entry into nursing facilities and delaying eligibility for the HIV waiver program. Hence, the costs associated with the care of persons with HIV have been increasingly borne by the MCOs. Consequently, the Department will continue to consider the financial impact of the HIV population when establishing MCO capitation rates.



Access

The Managed Care Division analyzes the provider networks of each MCO on a quarterly basis. MCOs are contractually obligated to have at least one full-time primary care physician (PCP) for every 1,500 Medicaid enrollees and there must be one full-time PCP with pediatric training and/or experience for every 2,500 enrollees under the age of eighteen. These requirements exceed the Managed Care Health Insurance Plan (MCHIP) regulations promulgated by the Virginia Department of Health, Center for Quality Health Care Services and Consumer Protection. As Figure 2 indicates, each MCO has an adequate network to support their current enrollment. Furthermore, each MCO could support enrollment growth without increasing provider networks.

ACCESS COMPARISON, PER 1,000

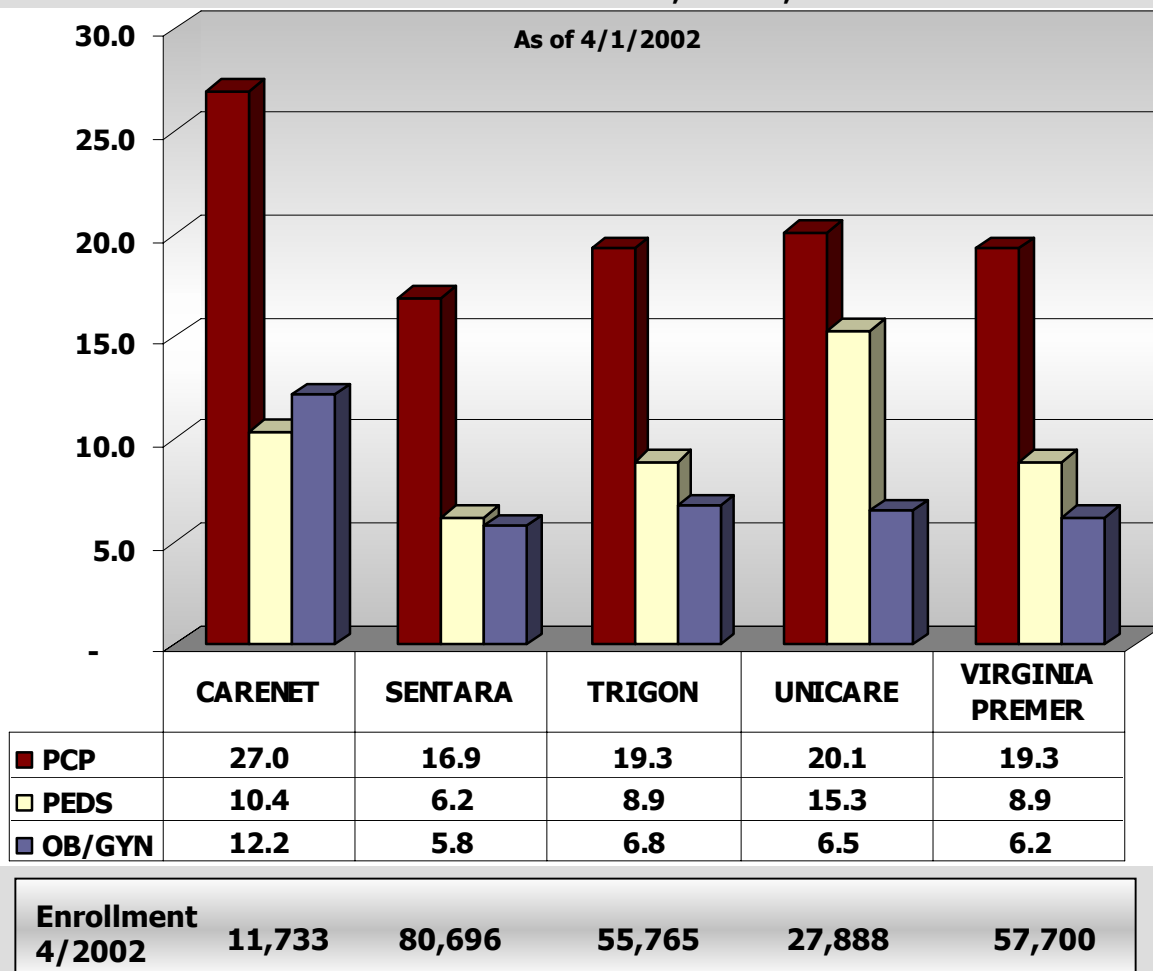
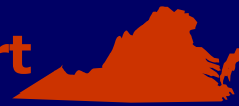


Figure 2



Financial Health of Plans

HEDIS uses a national benchmark of 14 percent for administrative loss ratio and 86% for medical loss ratio in its evaluations of plans. Administrative loss measures how much of a company's total revenue is spent on the operation of its business, while medical loss measures how much of its total revenue is expended in the payment of claims.

Based on the 4th quarter 2001 financial reports received from the Virginia Bureau of Insurance and supplied by the Department's Cost Settlement and Reimbursement Division, the contracted MCOs appear to manage their debt well and to be financially sound, profitable, and solvent. CareNet is the only plan with a high administrative loss ratio and medical loss ratio. The high ratio could be driven in part by CareNet's low enrollment numbers.

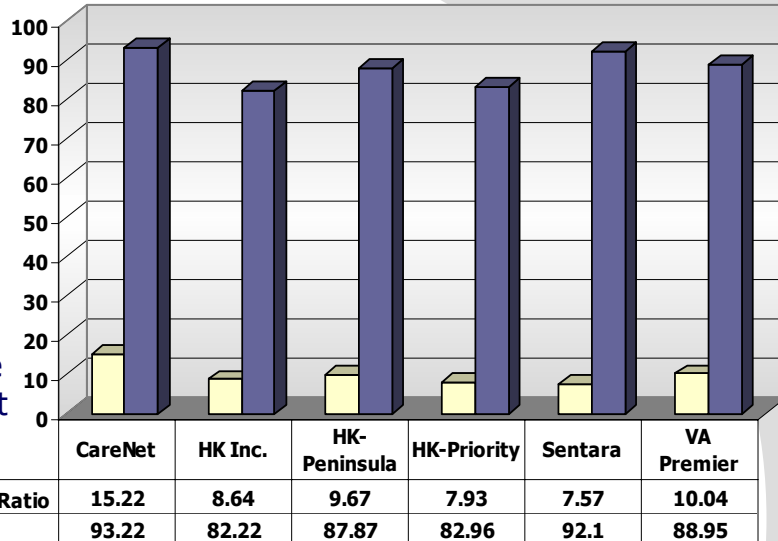


Figure 3

Administrative Loss Ratio	15.22	8.64	9.67	7.93	7.57	10.04
Medical Loss Ratio	93.22	82.22	87.87	82.96	92.1	88.95

2nd Quarter 2002 Managed Care Highlights

- Developed and submitted an oral health grant proposal to the Robert Wood Johnson Foundation;
- Developed and released a Request for Proposals for enrollment broker services effective January 1, 2003;
- Held the first Health and Human Services intra-agency meeting to discuss Prenatal Care, Infants, Children, and Special health care needs (PICS);
- Developed and finalized MCO contracts and rates;
- Completed two regional open enrollment periods for Medallion II;
- Evaluated the MEDALLION provider network;
- Participated in SCHIP review for the Centers for Medicare and Medicaid Services (CMS);
- Developed a MEDALLION provider database; and
- Integrated FAMIS managed care activities into the Division of Managed Care.



Patient Satisfaction

The Consumer Assessment of Health Plans Survey (CAHPS) measures important dimensions of health plan performance from the consumer’s point of view. The Department conducted the CAHPS in 2001 for MEDALLION, Medallion II, and FAMIS.

Figure 4 shows the results of the Virginia 2001 CAHPS survey and compares Virginia and national results for persons enrolled in Medicaid and those in Medicaid MCOs during 2000. Virginia results compare favorably to national results. Overall, adults enrolled in Medallion II rate each area highly, indicating positive experiences.

ADULT CAHPS BENCHMARK AVERAGES

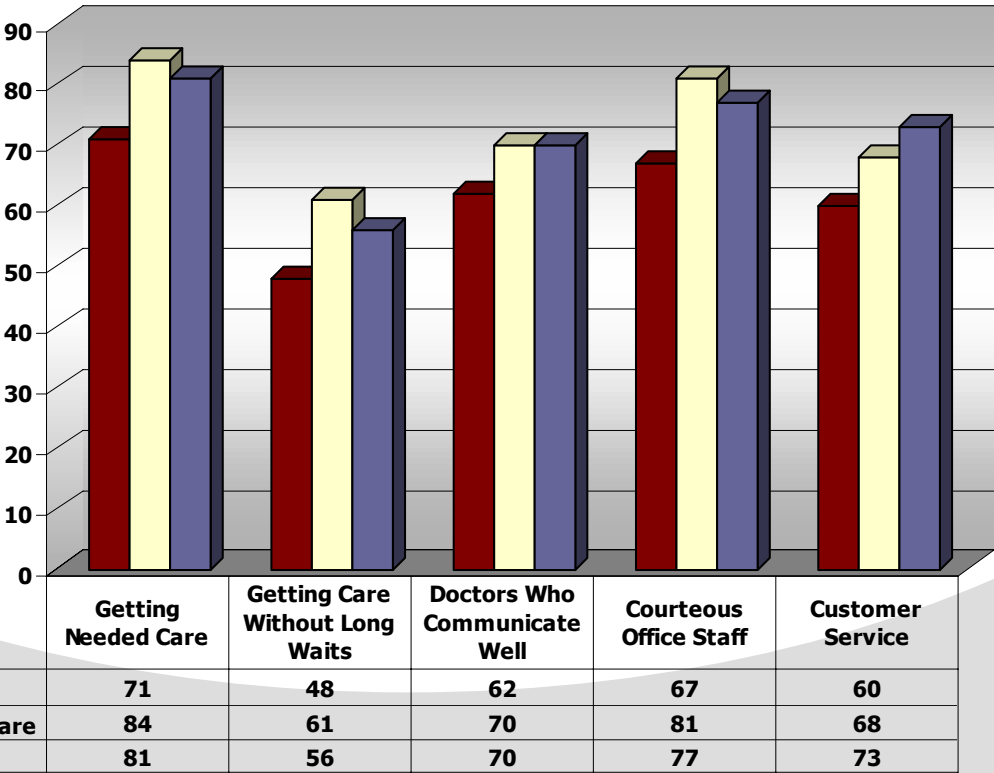
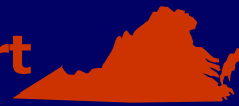


Figure 4



Managed Care Value-Added Features

MCOs provide a variety of both administrative and clinical services to the Department and program recipients that go beyond those provided in Medicaid FFS programs. The Department does not reimburse the MCOs for administrative activities or enhanced clinical services; therefore, these activities represent undocumented savings to the Commonwealth. Some of these services include:

- **Provider recruitment** – MCOs actively recruit Medicaid providers into their networks. MCO recruitment activities have resulted in a net increase in the number of Medicaid providers.
- **MCO Provider credentialing** – All providers go through a rigorous process that includes, but is not limited to, the verification of licensure, malpractice verification, site visits and education. Re-credentialing is required every two years.
- **Patient education information** – All enrollees receive member handbooks, provider directories, newsletters, and health information. Many are available in English and Spanish.
- **Enhanced services** – Most of the MCOs provide services above Medicaid covered services. Enhanced services include dental and vision services for adults.
- **Case Management for special needs and identified population.**
- **24-Hour Advice and Triage Nurse Helpline** - MCOs provide toll-free numbers for individuals to call a health care professional to discuss information on a disease, or condition (e.g., asthma, diabetes, pregnancy). They may also receive advice on the treatment of a minor accident or illness.
- **Disease/Condition/Health Management Programs** - MCOs have disease management programs offering patient outreach and information on how to manage asthma, diabetes, maternity, etc.